

Criteria for Qualifications / Project Selection

RPPTF
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- Develop non-discriminatory criteria to determine whether a nonincumbent transmission developer is eligible to propose a transmission project. Such criteria could include whether developer has:
 - the necessary financial resources; and
 - technical expertise to develop, own, operate and maintain transmission facilities (P 323).
- Qualification criteria should address the region’s particular needs (P 324).
- Developers must identify in sufficient detail the information necessary to allow a proposed project to be evaluated in the RTEP on a basis comparable to other transmission projects proposed in the RTEP. For example,
 - relevant engineering studies and cost analyses,
 - as well as other reports or information needed to facilitate evaluation of the transmission project in the RTEP (P 326).
- Date for submission of information. Each region may determine an appropriate deadline for submission of information in a particular transmission planning cycle (P 325).

- Documentation to demonstrate that a project sponsor is qualified to move through a state siting process under state law. Some examples could include:
 - An **order**, resolution or ordinance of the relevant regulatory authority confirming the potential project sponsor's qualification;
 - An **opinion** of the relevant regulatory authority's legal counsel attesting to the existence of a regulation or law permitting the potential project sponsor's ability to own, operate and maintain the project; or
 - An **opinion of the state Attorney General**, on behalf of the relevant regulatory authority, attesting to the existence of a regulation or law permitting the potential project sponsor's ability to own, operation and maintain the project.

- What is needed ?
- Attachment Q of the PJM Tariff sets forth the PJM credit policy that must be complied with prior to an entity participating in the PJM Markets.
- Prior to becoming a Market Participant, Transmission Customer and/or Member of PJM, PJMSettlement must accept and approve a Credit Application and establish a Working Credit Limit.
- Should the project sponsor be required to submit security?
- Project sponsor will be subject to a complete credit evaluation, including:
 - Rating Agency Report
 - Financial Statements and related information
 - References: For example, one or more bank references
 - Any litigation, commitments and contingencies
 - Other disclosures such as ongoing investigations by the SEC, FERC CFTC or other governing, regulatory or standards body.
- Should the project sponsor be responsible to notify PJM of Material changes in its financial conditions?

- Some Suggested Criteria to Evidence a Project Sponsor's ability to construct the facility and operate and maintain it for the life of the project:
 - The project sponsor's technical and engineering qualifications and experience.
 - Any previous record regarding construction and maintenance of transmission facilities, including facilities outside the PJM region.
 - Demonstrate capability to adhere to standardized construction, maintenance and operating practices.
 - Demonstrate ability to assume liability for major losses resulting from failure of facilities.
 - Demonstrate cost containment capability and other advantages the project sponsor may have to build the specific project, including any binding agreement by the project sponsor to accept a cost cap.
 - Project sponsor's experience in acquiring rights of way.

- Does incumbent transmission owner have to submit documentation?
- When is the documentation required?
 - At the time they submit the proposed project
 - After all projects are vetted through the TEAC
 - Some other point in time
- Does past precedent in a state satisfy the need for documentation?

Selection of RTEP Solutions

- How do you select the RTEP solution?
 - Projects will be evaluated based on the extent to which they address the reliability, market efficiency or public policy issue.
 - Secondary benefit of projects will also be evaluated as part of the project selection
 - A project may be required to resolve a reliability problem but may also have market efficiency or operational performance benefits as well
 - Cost
 - Constructability including schedule and risk

- Reliability Metrics – must resolve the reliability problem (if applicable) and should not create other reliability problems
 - PJM reliability criteria
 - Long term planning loading – extent to which the proposed project reduces loading on critical facilities
 - First Contingency Incremental Transfer Capability (FCITC)
- Economic Metrics – Cost / Benefit

- **Secondary Benefits**
 - A project may be primarily intended to resolve a certain issue but may have other benefits that should also be evaluated
 - Example: If a project is required to resolve a reliability criteria violation but also addresses an operational performance problem or helps to achieve some public policy, should that be a consideration?
 - Should secondary benefits just be tie breakers?